

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2119 – SB 2370

March 23, 2016

SUMMARY OF ORIGINAL BILL: Prohibits a government body of any city, town, or utility district from recovering any charges or penalties for the furnishing of water, wastewater, or sewer service to a tenant from a property owner that is not party to the tenant's contract for services with the city, town, or utility district.

Requires the notice for an action to collect delinquent payments, penalties, and interest for sewer or wastewater disposal utility services to be mailed, not less than 90 days prior to the filing of any action, to the last known address of the utility user as contained on tax records. Requires the notice to state that unless payments are brought up to date, a lien will be attached to the utility user's property.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (014868): Deletes all language after the enacting clause. Declares that a water and wastewater treatment authority created in Hamilton County shall not require a property owner, the property owner's agent, or a subsequent tenant to the property to pay or to guarantee the payment of charges, penalties, or other fees owed to the authority incurred by a former tenant of such property owner or agent.

Authorizes a water or wastewater authority created in Hamilton County to establish deposits based upon the past usage and payment history of the new tenant and requires the delinquent payment history of a former tenant of the property to not be considered in establishing the amount of the deposit for the new tenant.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 7-82-312, the responsibility of paying delinquent taxes, penalties, and interest for sewer and wastewater disposal utility services currently falls upon the property owner.
- Based on information from the Tennessee Association of Utility Districts, shifting the responsibility of delinquent payments from property owners to parties to contracts or arrangements for such services will not have a significant impact on public utility districts revenue or expenditures.
- Changing the responsibility for paying delinquent amounts plus penalties for sewer and wastewater services from the property owner to the parties to contracts or arrangements for such services will not result in a significant fiscal impact on local government.
- Any funds remitted for deposits in accordance with this bill as amended to water or wastewater authorities will be held by such authorities as custodians of the funds and will offset any outstanding charges or penalties owed by the parties.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The shift in payment responsibility for delinquent sewage or wastewater utility fees from the property owner to parties to contracts or agreements for such services may lead to a decrease in business expenditures for property owners that rent space to a business that has a utility contract with a public utility entity and an increase in business expenditures for parties to contracts or agreements for such services that are property lessees.
- The net impact to business and jobs in the state is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by the letters "RNC" in a smaller, less distinct script.

Krista M. Lee, Executive Director

/amj